

DEPARTMENT OF TRANSPORTATION

AUDITS AND INVESTIGATIONS

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June 30, 2010

Mr. Scott Schroeder, Controller
San Francisco Bay Area Rapid Transit District
300 Lakeside Drive, P.O. Box 12688
Oakland, CA 94604-2688

Re: Indirect Cost Allocation Plan for Fiscal Years 2007/2008 and 2008/2009
File Number: P1190-0720

Dear Mr. Schroeder:

This letter is to inform you that the Department of Transportation's Audits and Investigations (A&I) is suspending review of the San Francisco Bay Area Rapid Transit District's (BART) Cost Allocation Plans (CAP) for fiscal years (FYs) 2007/2008 and 2008/2009. The reason for this decision is as follows:

During our review of the FYs 2007/2008 and 2008/2009 CAPs, it was determined the proposed rate of 48.14 percent exceeded the 10 percent base year threshold. This increase required BART to submit their CAPs to FTA, BART's cognizant federal agency, for approval for FY 2007/2008. The last FTA approval letter for BART is dated, August 28, 2002 with an approval rate of 34.9 percent for FY 2002/2003 (base year).

On August 03, 2009 our office contacted Joseph Wong and John Love of your staff regarding the status of the FTA approval letter for FYs 2007/2008 and 2008/2009. Mr. Wong indicated BART was going to submit the CAPs to FTA for approval. A follow up phone discussion on June 21, 2010 was made to your staff, and it was determined BART to date has not received the FTA approval letter for the years noted.

As a result, our office cannot approve the CAPs for FYs 2007/2008 and 2008/2009. Upon approval of the CAPs from FTA, BART may resubmit to A&I the CAPs with the FTA approval letter.

If you have any questions, please contact Amada Maenpaa, Audit Manager at (916) 323-7868.

Original signed by:

MARYANN CAMPBELL-SMITH
Chief, External-Local Governments

- c: Brenda Bryant, Director, Financial Services, Federal Highway Administration
Sue Kiser, Director, Planning and Air Quality, Federal Highway Administration
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